

ChevronTexaco's Journey from IT Infrastructure Standards to Enterprise Architecture



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Executive Institute, 2005
Napa
February 23, 2005

The Energy Value Chain

Capital Intensive
Long-lived Assets
Commodity Economics



Explore
Develop



Produce



Ship



Refine
Blend



Store
Pipe



Distribute



Market

Profitability driven by

- *Decision Quality*
- *Operational Excellence*
- *Technological Effectiveness*
- *Customer Focus*

ChevronTexaco

2001 merger formed the second largest U.S.-based global energy company and largest California-based corporation



- 186 countries
- 50,000 employees
- 12 billion barrels oil equivalent oil and gas reserves
- Over 25,000 retail outlets
- 2.0 million bpd of refining capacity
- 2.5 million barrels per day production oil equivalent
- \$150 B revenue (2004)

IT's Mission is to help the people of ChevronTexaco get their work done



We do this by:

- **Operating safely**
- **Providing highly reliable and secure IT services, at the right price**
- **Partnering to deliver and support solutions that improve business performance**
- **Using processes that align us with our customers**



**Since 1999 our strategy has been to manage our IT assets
as a global integrated system based on strong standards**



Employees

Internet

**Customers
Suppliers
Partners
National Oil Cos
Communities**

**Global Info Link
Communication
Collaboration
Business Apps
Info Access**

**Business,
Technical,
& Control
Systems**

**Enterprise
Systems
SAP
JDE**

**e-Business
Systems**



Middleware

Databases & Data Warehouses

Servers

Security

Directory

Network Communications

Internet

At the time of the merger we standardized our global IT infrastructure

Global network with improved security and reliability

Upgraded and standardized local area networks worldwide

Standardized XP desktops and laptops worldwide (2nd cycle)

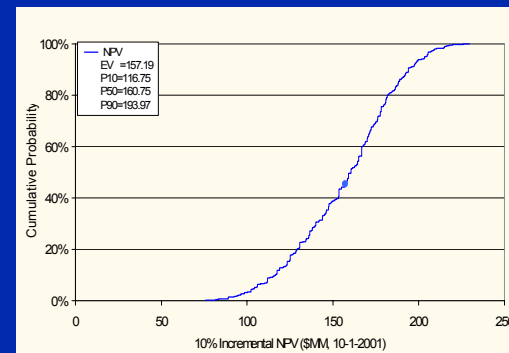
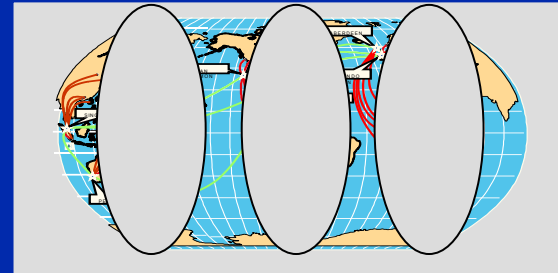
Standardized W2000 and application servers worldwide

Global directory and metadirectory systems

Public Key Infrastructure, smart cards, and eProvisioning of IT security services

eHubs in Houston, San Ramon, London and Singapore

ChevronTexaco

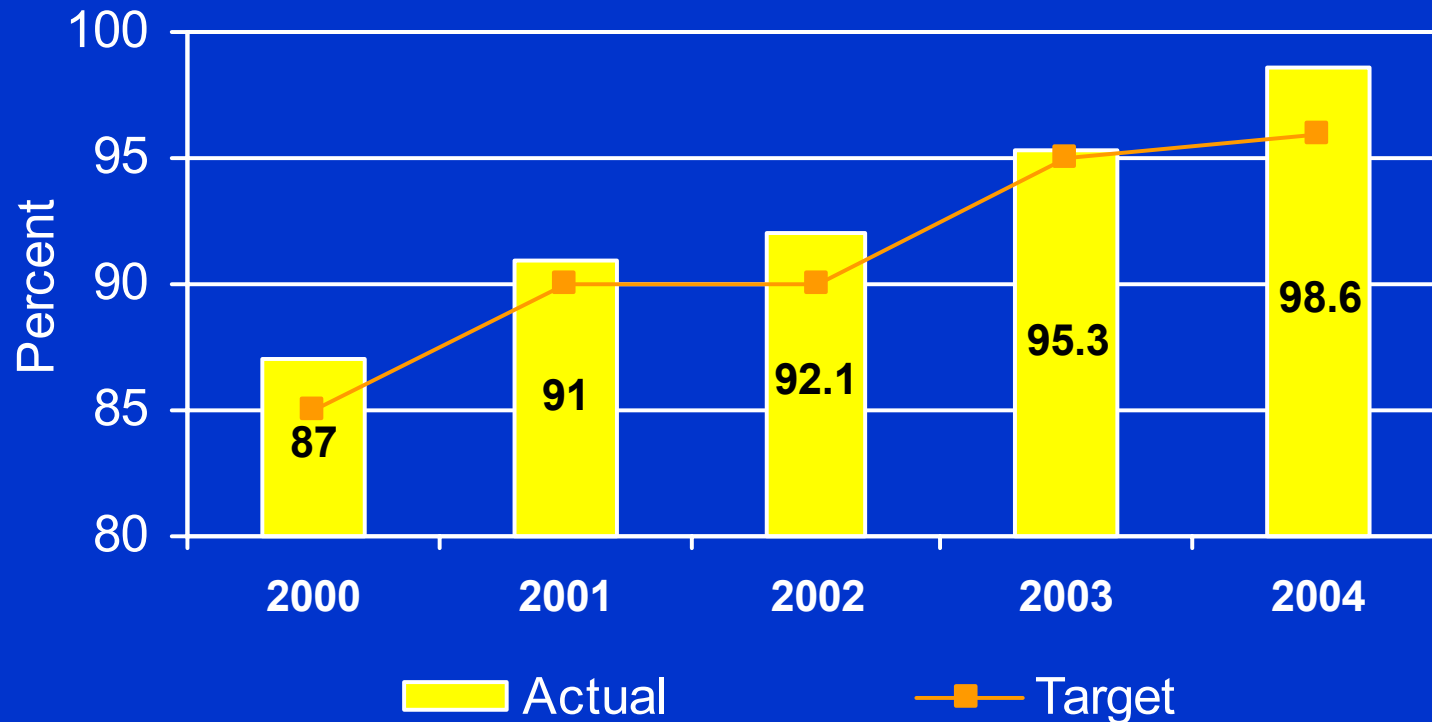


Substantial savings

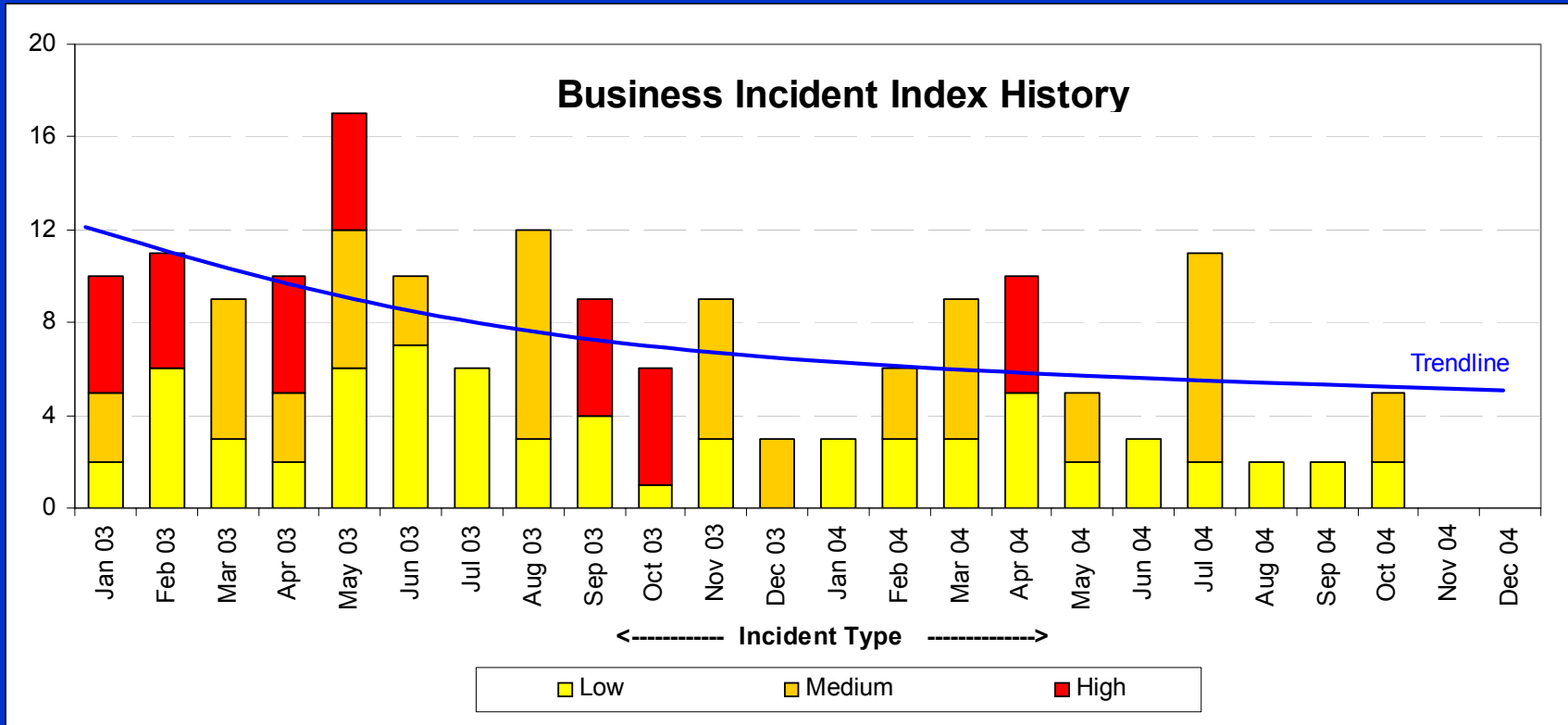


Results: In 2004 98.6% of our products and services met their individual world class reliability objectives on a monthly basis

ITC Service Level Delivery Index

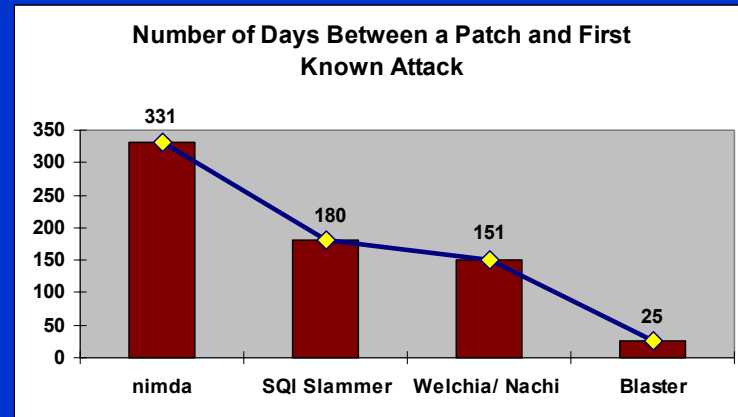


Results: Number and severity of business incidents due to IT failures continue to drop



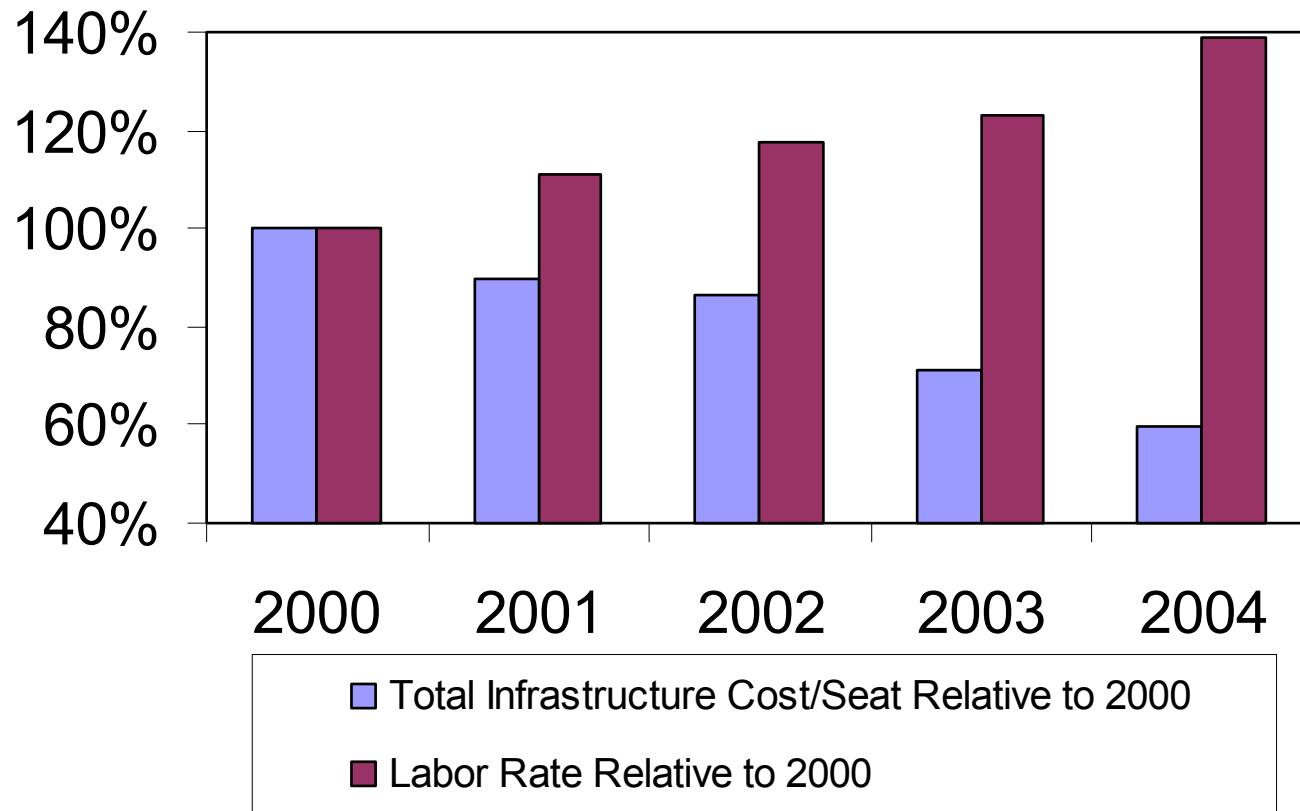
Results: Strong performance in information protection and security

- We are responding to an increased number of identified vulnerabilities within an increasingly compacted timeframe



- We filter 3MM SPAM messages and 100,000 virus infected messages each month
- Benchmark results indicate ChevronTexaco does well in Information Protection and Security compared to general U.S. industries, and the oil industry in particular.
- In a recent security study by the American Petroleum Institute, ChevronTexaco beat the average index in every benchmarked category and was ranked best in class in 50% of the categories

Results: Unitized total infrastructure cost continues to drop despite increase in labor costs



Contributing factors:

Strategic sourcing of standardized technologies, standardized processes, improved support ratios

This transformation was not easy, we needed to learn how to..

Operate together as a global IT function in a new corporation

Make persuasive quantitative business cases for large investments

Balance global, regional and local needs

Make good decisions on what to outsource

Learning how to renegotiate contracts and procure on a global scale

Manage large IT projects very effectively

Distribute costs equitably

Track and communicate progress and success

We have now earned the right to “talk about more interesting things” with our business partners

Business and IT Mega Challenges:

Transformation of the Global Downstream Business

Global operations

Refinery of the Future

Brand and franchise management

Oil Field of the Future

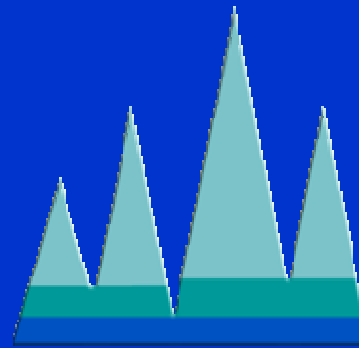
Major Capital Projects for Deepwater and Global Gas

Highly Efficient Corporate Shared Services

Project Everest is developing the IT Blueprint and Roadmap to Support our Major Business Strategies

Everest is identifying opportunities to better support our business processes by **SIMPLIFYING, STANDARDIZING, REDESIGNING, and INTEGRATING** our **application and information framework**.

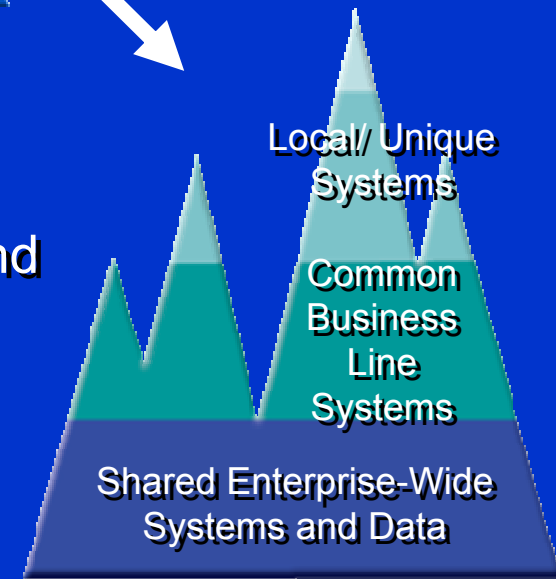
We will also develop a Road Map identifying deliverables, timeline, and responsible parties



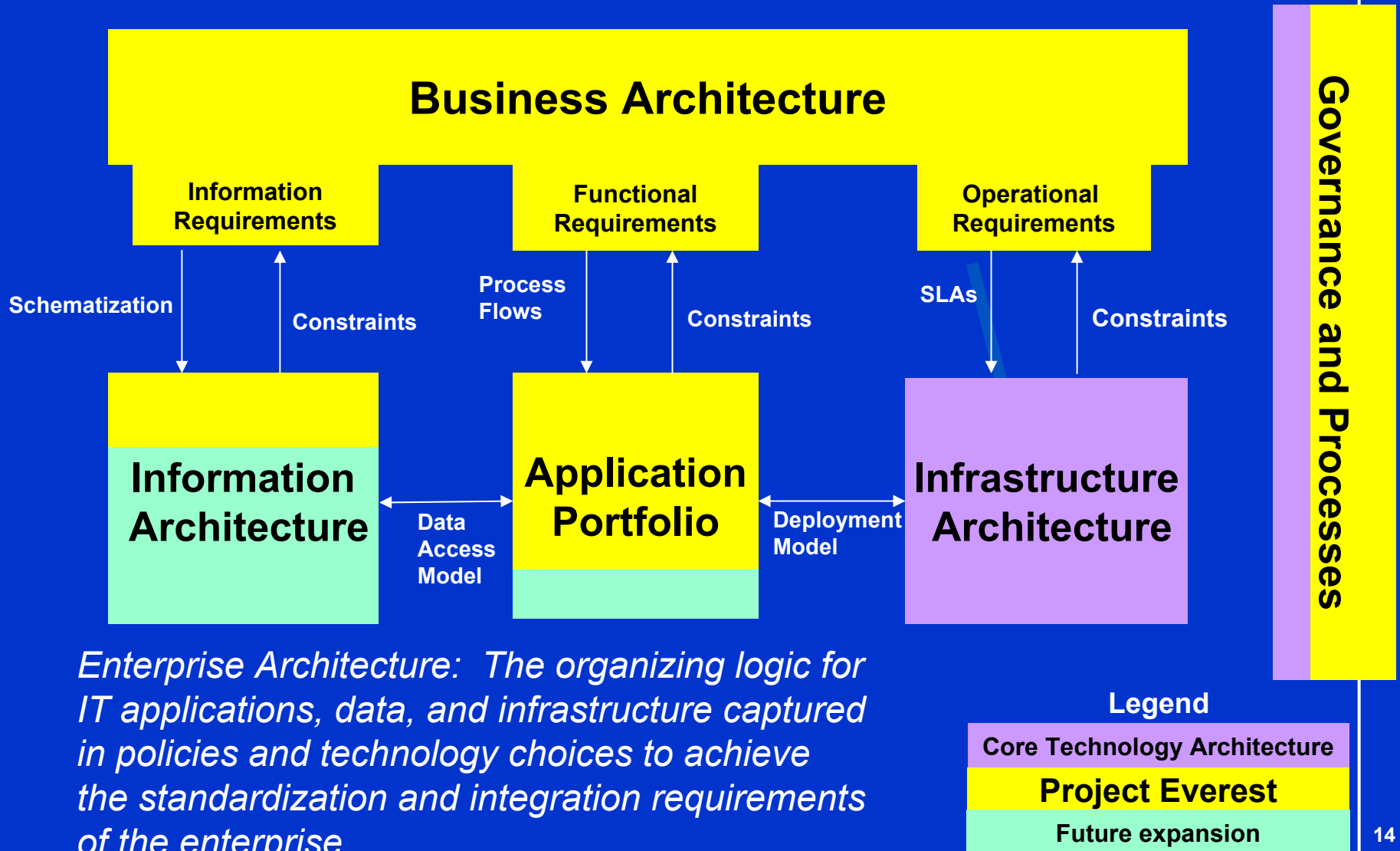
From: Minimal sharing of IT data and systems



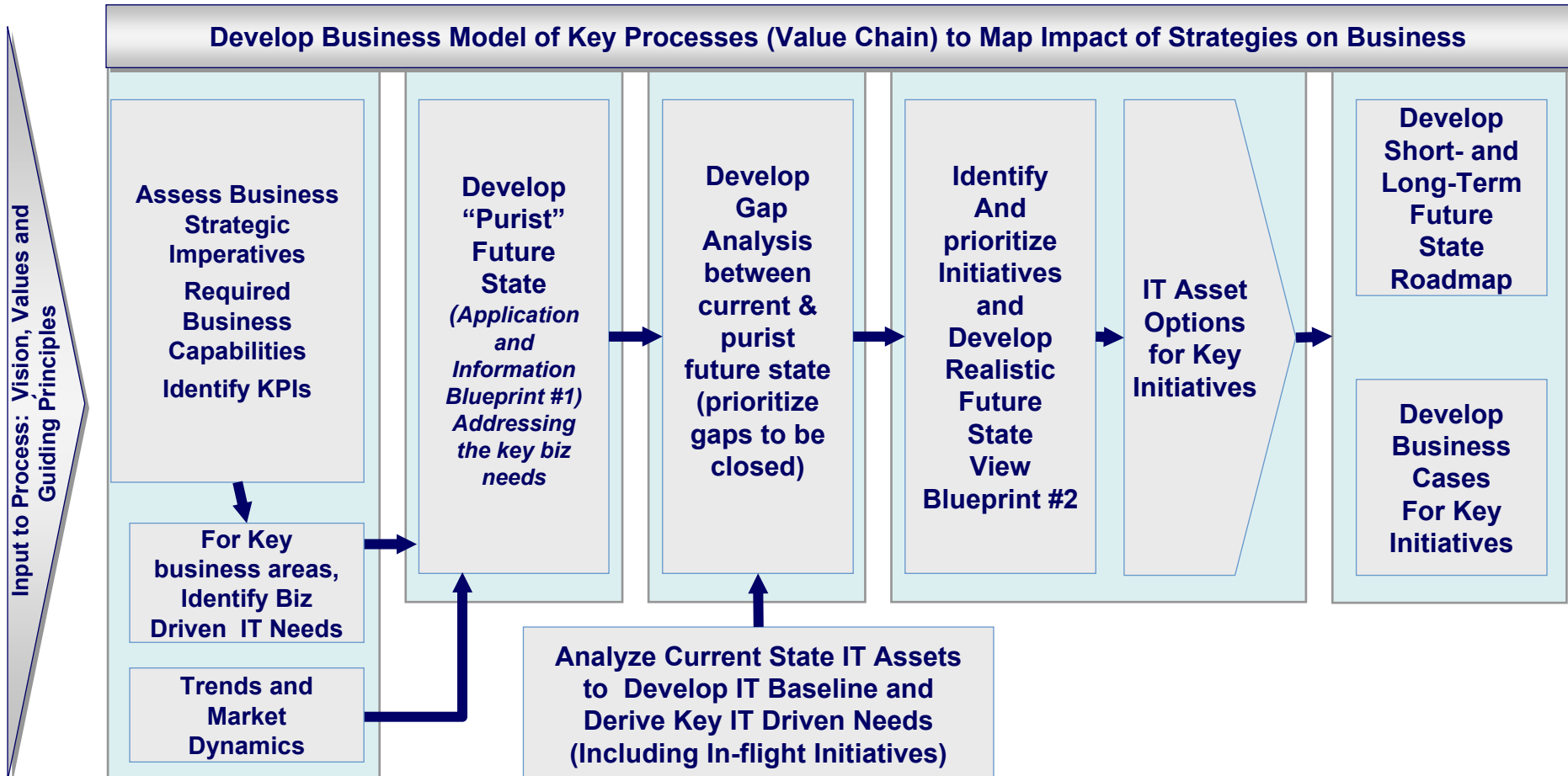
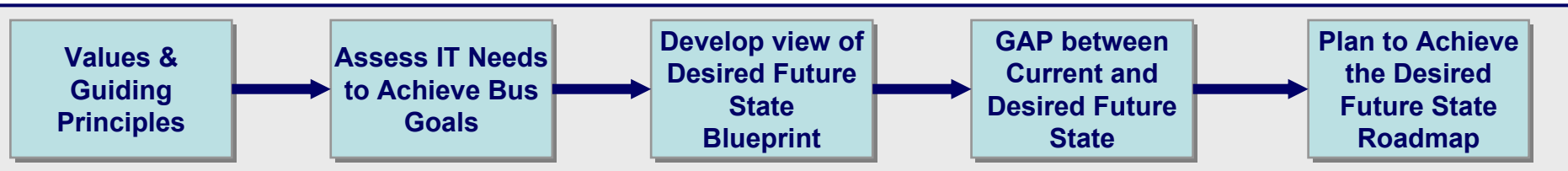
To: Shared and standard data and systems



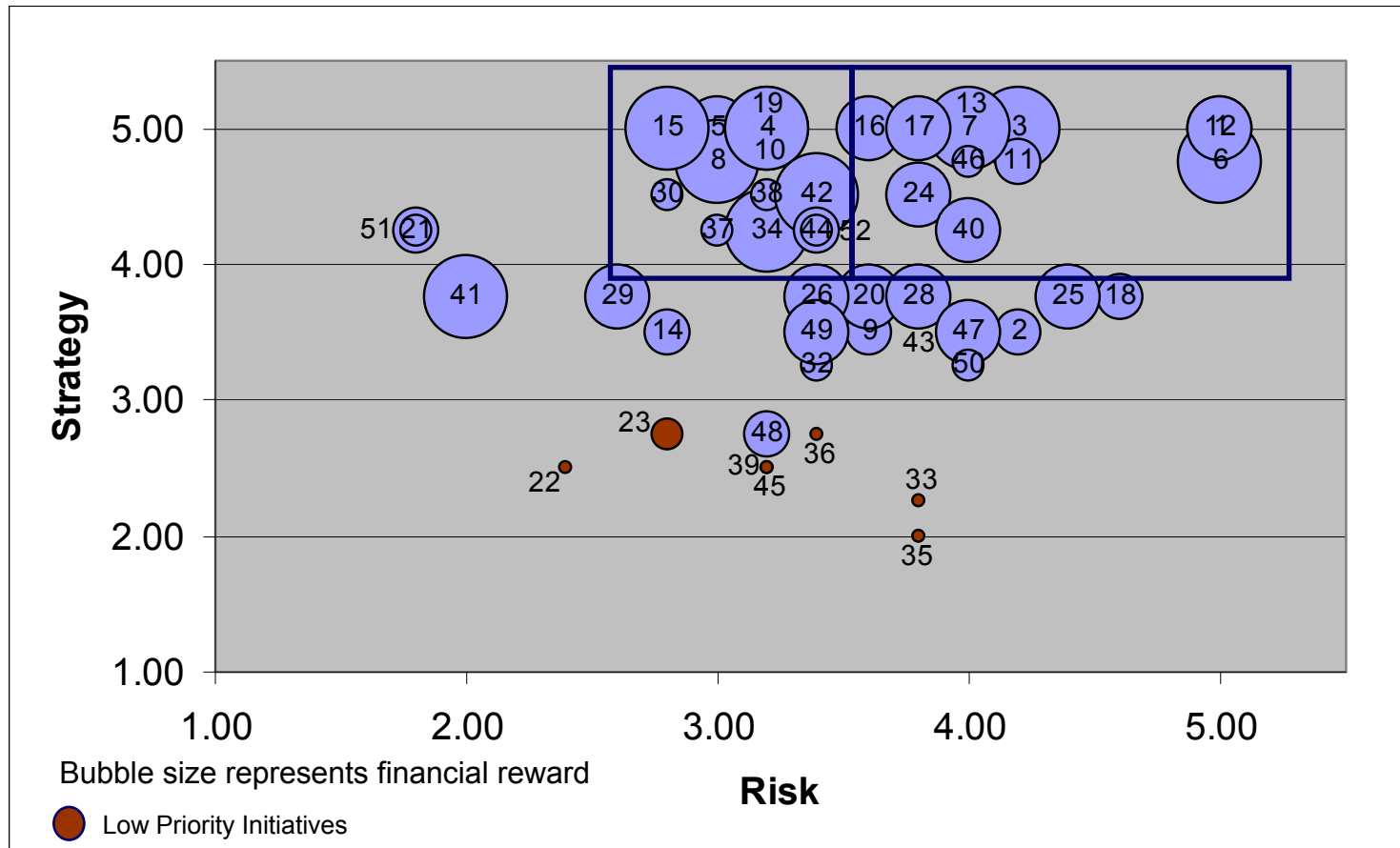
We are using an Enterprise Architecture Approach



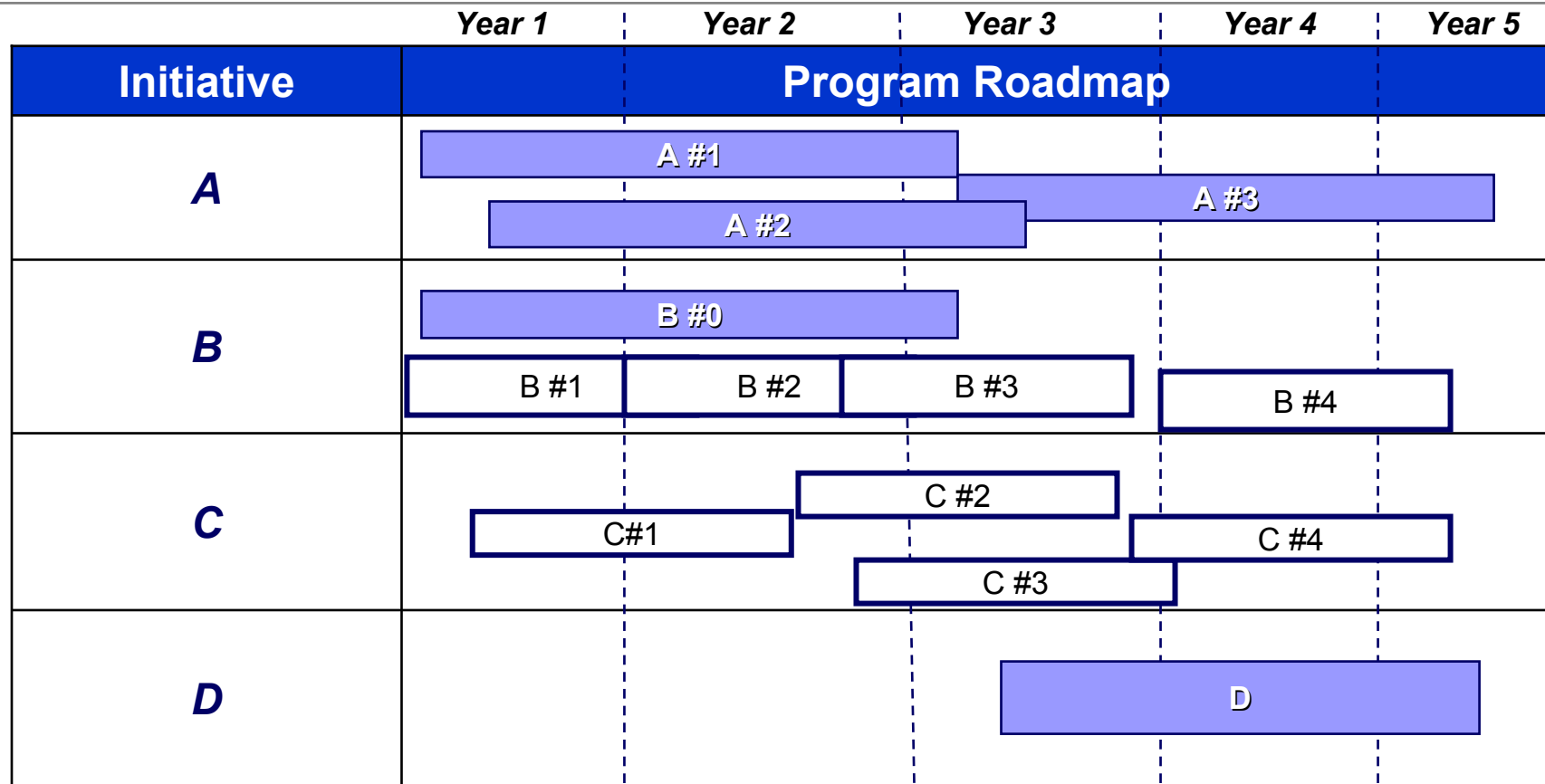
We are using a systematic, data driven methodology from IBM to move from business requirements to IT roadmap



Identified initiatives are classified by strategic alignment, risk and reward



We develop alternative implementation road maps based on various based on various investment scenarios



 = Indicates programs/projects currently in scope for implementation in SAP

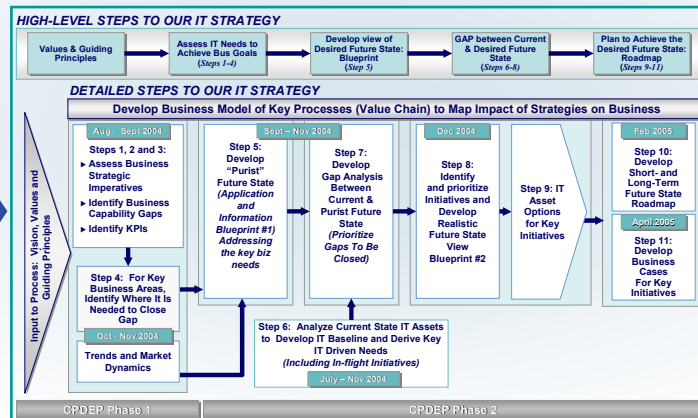
This roadmap shows grouping of initiatives with multiple decision points (e.g. smaller investments) grouped by business process area. To achieve maximum business value, the entire roadmap would be implemented. Some projects would be foundational and would have less value but would enable follow on projects that have more value.

Having a Deliberate IT Strategy That Drives IT Investment Decisions is a Critical Enabler to Close Business Capability Gaps.

Previous Mode

Invest in IT
When It's a
"Good Idea"

Proven IT Strategy Development Methodology



Future Mode

Invest in IT When
it Closes the
Most Valuable
Strategic
Business Gaps

Lessons to Date

- **Enterprise Architecture require close cooperation between business and IT**
- **The process helps clarify business strategies and intents**
- **Governance and project portfolio processes must be strengthened before implementation of the road map**
- **Detailed principles for system design and integration must be developed to support implementation of the roadmap**

Recap: Enterprise Architecture is helping ChevronTexaco achieve business benefit by building on our legacy of global infrastructure standardization

\$200MM+/yr

Savings and Business
Performance Improvements

Project Everest: a comprehensive blueprint and investment roadmap for the simplification, standardization and integration of our major business applications

Some business systems were standardized during the merger

Upstream Technical

US ERPs

Provisioned to CVX at same total cost of pre-merger CHV infrastructure

Ever more demanding security environment

Global Gas

Supply & Trading

Global Downstream

Upstream Operational

Corp Systems

Upstream Technical Systems

U.S. Downstream Systems

Next-generation
Infrastructure

Globally secure IT
Infrastructure

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

Questions?

